

DRAFT SUPPORTING STATEMENT
FOR
10 CFR PART 74
MATERIAL CONTROL AND ACCOUNTING
OF SPECIAL NUCLEAR MATERIAL
(3150-0123)

EXTENSION WITH BURDEN REVISION

Description of the Information Collection.

NRC regulations in 10 CFR Part 70 establish procedures and criteria for the issuance of licenses to receive title to own, acquire, deliver, receive, possess, use, or transfer special nuclear material (SNM). NRC regulations in 10 CFR Part 74 establish requirements for material control and accounting (MC&A) of SNM applicable to licenses in general, and also specific performance based regulations for (1) licensees authorized to possess and use strategic special nuclear material (SSNM) and (2) licensees authorized to possess and use, or produce SNM, pursuant to the Atomic Energy Act of 1954, as amended, and Title II of the Energy Reorganization Act of 1974, as amended.

A. Justification.

1. Need For and Practical Utility of the Collection of Information

Part 74 incorporates recordkeeping and reporting requirements for licensees that possess and use SNM. The records required to be reported or maintained pursuant to sections 74.11, 74.13, 74.15, 74.17, 74.19, 74.31, 74.33, 74.41, 74.43, 74.45, 74.51, 74.57, and 74.59 are those deemed necessary for the timely discovery of inadvertent losses of SNM to the environment, or the theft or diversion of SNM by potentially hostile groups. Either of these events could endanger the public health and safety. The reporting requirements imposed on the licensee are intended to point out record anomalies which might indicate loss of material control, to provide necessary information to resolve identified anomalies, to alert the Commission to the condition, and to supply information that would assist in the recovery of SNM in the event of a confirmed loss. Certain requirements are necessary to satisfy obligations of the United States Government under its agreement with the International Atomic Energy Agency.

2. Agency Use of Information

Fundamental Nuclear Material Control (FNMC) Plans that describe how licensees intend to comply with the requirements of the regulations are required to be submitted for review and approval. Approved plans are the basis for inspections by NRC inspectors who must verify that the licensee is in compliance with the performance objectives specified in the regulations. Plan reviews are initiated within 30 days after submittal. The availability of supporting acceptance criteria contributes to expeditious plan reviews. Reports of unresolved inventory differences and abnormalities identified through physical inventories, material control tests, and item monitoring are reviewed by NRC as soon as possible after receipt. Records of material control tests and anomaly investigation are required to be maintained by the licensees in order that inspectors may determine that performance objectives and commitments have been met.

3. Reduction of Burden Through Information Technology

There are no legal obstacles to reducing the burden associated with this information collection. Applicants and licensees may use electronic information processing systems to prepare and submit required information, and the NRC encourages respondents to use information technology when it would be beneficial to them. NRC issued a regulation on October 10, 2003 (68 FR 58791), consistent with the Government Paperwork Elimination Act, which allows its licensees, vendors, applicants, and members of the public the option to make submissions electronically via CD-ROM, e-mail, special Web-based interface, or other means. The overall rate of electronic submittal for these forms and other submittals is approximately 90 percent.

4. Effort to Identify Duplication and Use Similar Information

No sources of similar information are available. There is no duplication of requirements. NRC has in place an ongoing program to examine all information collections with the goal of eliminating all duplication and/or unnecessary information collections.

5. Effort to Reduce Small Business Burden

A number of licensees who use special nuclear material are small businesses. Since the consequences to the common defense and security or to the health and safety of the public of the improper control or use of a given quantity of special nuclear material are the same for large and small entities, it is not possible to reduce the burden on small businesses by less frequent or less complete accounting or control procedures.

6. Consequences to Federal Program or Policy Activities if the Collection is Not Conducted or is Conducted Less Frequently

If the information collection is not conducted, NRC will have no way to assess whether licensees are operating within the material control and accounting requirements and certain other requirements applicable to the possession, use, and transfer of special nuclear material.

Applications for new licenses and amendments may be submitted at any time. Applications for renewal of licenses can be for terms up to ten years. Information submitted in previous applications may be referenced without being resubmitted. The Loss of Material Report required by §74.11 is submitted on the average of three times per year. In all occurrences, the cause is usually found in less than one week and is a result of measurement error, accounting error, number transposition, or failure to list all inventory items.

Approximately once a year, the quantity of material which is reported as lost requires further evaluation and a submission of a detailed report and proposed action plan to the NRC. Less frequent reporting would preclude the NRC from being notified in time to provide rapid response and quick assistance in achieving timely resolution.

7. Circumstances Which Justify Variation from OMB Guidelines

Contrary to the OMB Guidelines in 5 CFR 1320.5(d), Section 74.11 requires that licensees submit reports to the NRC in less than thirty days.

Section 74.11 requires that reports of loss or theft or unauthorized production of SNM must be made within one hour of discovery. This requirement is needed to permit NRC to determine whether there has been a loss or diversion of special nuclear material or unauthorized production of material and to assist in initiating prompt action for recovery of such material.

8. Consultations Outside the Agency

The opportunity for public comment on the information collection requirements was published in the Federal Register.

9. Payments or Gifts to Respondents

Not applicable.

10. Confidentiality of the Information

Confidential and proprietary information is protected in accordance with NRC regulations at 10 CFR 9.17 (a) and 10 CFR 2.390 (b).

Certain information designated as classified National Security Information is prohibited from public disclosure in accordance with Executive Order 12958.

11. Justification for Sensitive Questions

There are no sensitive questions.

12. Estimated Burden and Burden Hour Cost

Table 1 - Reporting Requirements

Section	Brief Description of 10 CFR Part 74 Sections	Number of Respondents	Responses per Respondent	Total No. of Responses	Burden per Response	Total Annual Burden Hours	Cost @ \$238/Hr
74.11	Notification of loss or theft	3	1	3	15	45	10,710
74.13 (a)	Submittal of Form 742 and 742C	See OMB Clearance Nos. 3150-0004 & 3150-0058		0		0	0
74.13(b)	Submittal of Form 742 under Part 75	See OMB Clearance No. 3150-0055		0		0	0
74.15(a)	Submittal of Form 741	See OMB Clearance No. 3150-0003		0		0	0

74.15(b)	Submittal of Form 741	See OMB Clearance No. 3150-0003		0		0	0
74.15(c)	Submittal of Form 741 under Part 75	See OMB Clearance No. 3150-0055		0		0	0
74.17	Submittal of Form 327	See OMB Clearance No. 3150-0139		0		0	0
74.31(b)	Submittal of a Fundamental Nuclear Material Control Plan	6	1	6	80	480	114,240
74.33 (a),(b), (c)	Submittal of a Fundamental Nuclear Material Control Plan	2	1	2	80	160	38,080
74.41(b)	Submittal of a Fundamental Nuclear Material Control Plan	No Currently Operating Category II Facilities		0		0	0
74.43(c)	Notification and report of significant inventory differences	No Currently Operating Category II Facilities		0		0	0
74.51(c)	Submittal of a Fundamental Nuclear Material Control Plan	2	1	2	100	200	47,600
74.57(c)	Notification of unresolved loss detection alarms	2	1	2	8	16	3,808
74.57(f)(2)	Notification of abrupt loss detection alarms	2	1	2	4	8	1,904
74.59(f)	Notification and report of excessive inventory differences	2	2	4	20	80	19,040
Totals		19		21		989	235,382

Recordkeeping Requirements

Section	Brief Description of 10 CFR Part 74 Sections	Number of Recordkeepers	Average Annual Burden per Recordkeeper	Total Annual Burden (Hrs)	Cost @ \$238/Hr	Retention Period
74.19	Records requirements for licensees not subject to Subparts C, D, and E	110	40	4,400	1,047,200	Varies - 3 years to duration of license

74.31(a), (c), & (d)	Records requirements for SNM of low strategic significance	6	195	1,170	278,460	3 years
74.33 (d)	Records requirements for enrichment licensees	2	415	830	197,540	3 years
74.41(a) and (c) - included in 74.43(d)	Records requirements for SNM of moderate strategic significance	No Currently Operating Category II Facilities	0	0	0	Duration of license
74.43(a) - Covered under 74.43 (b) & (d)	Records requirements for SNM of moderate strategic significance					
74.43(b)	Records requirements for SNM of moderate strategic significance	No Currently Operating Category II Facilities	0	0	0	3 years
74.43(d)	Records requirements for SNM of moderate strategic significance	No Currently Operating Category II Facilities	0	0	0	Varies - 3 years to duration of license
74.45	Records requirements for SNM of moderate strategic significance	No Currently Operating Category II Facilities	0	0	0	Varies - 3 years to duration of license
74.51(a)	Records requirements for strategic SNM	2	200	400	95,200	3 years
74.43(b)	Records requirements for SNM of moderate strategic significance	No Currently Operating Category II Facilities	0	0	0	
74.57(d)	Records for alarm resolution program	Covered under §74.59(g)				
74.59(b), (c), (d), (e), & (h)	Records requirements for strategic SNM	Covered under §74.59(g)				
74.59(f)	Records requirements for strategic SNM	2	200	400	95,200	3 years
74.59(g)	Records requirements for strategic SNM	2	200	400	95,200	3 years
Totals		110		7,600	1,808,800	

Total Number of Recordkeepers: 110
 Total Recordkeeping Hours: 7,600

TOTAL ANNUAL BURDEN HOURS FOR PART 74:
 8,589 hrs (7,600 recordkeeping hrs + 989 reporting hrs)

Estimated Cost to the Public to Respond to the Collection:

The estimated annual cost to licensees to respond to the collection requirements is \$2,044,182 (7,600 recordkeeping hrs + 989 reporting hrs x \$238/hr).

13. Estimate of Other Additional Costs

NRC has determined that the records storage costs is roughly proportional to the recordkeeping burden cost. Based on a typical clearance, the records storage cost has been determined to be equal to 0.0004 percent of the recordkeeping burden cost. Therefore, the records storage cost for this clearance is \$723 (7,600 recordkeeping hours x \$238/hr x 0.0004).

14. Estimated Annualized Cost to the Federal Government

A. Review of Licensee Reports

Section	Brief Description of 10 CFR Part 74 Sections	No. Of Licensee Responses Annually	NRC Staff Time to Review Responses	Total Annual Hours	Comments
74.11	Notification of loss or theft	3	20	60	
74.13(a)	Submittal of Form 742 and 742C				See OMB Clearance Nos. 3150-0004, 3150-0058
74.13(b)	Submittal of Form 742 under Part 75	1	40	40	
74.15(a) & (b)	Submittal of Form 741				See OMB Clearance No. 3150-0003
74.17	Submittal of Form 327				See OMB Clearance No. 3150-0139
74.31(b)	Submittal of a Fundamental Nuclear Material Control Plan	6	100	600	
74.33(a),(b), (c)	Submittal of a Fundamental Nuclear Material Control Plan	2	100	200	

74.41(b)	Submittal of a Fundamental Nuclear Material Control Plan				No Currently Operating Category II Facilities
74.43(c)	Submittal of report of significant inventory differences				No Currently Operating Category II Facilities
74.51(c)	Submittal of a Fundamental Nuclear Material Control Plan	2	150	300	
74.57(c)	Submittal of report of loss of SSNM	2	10	20	
74.57(f)(2)	Submittal of report of abrupt loss of SSNM	2	10	20	
74.59(f)	Submittal of report of excessive inventory differences	4	30	120	
TOTALS		22		1,360	

B. Review of Licensee Records

<u>Avg No. of Inspections/Year</u>	<u>No. of MC&A Inspectors</u>	<u>Record Reviews Hours Per Inspector</u>	<u>Total NRC Inspection Hours</u>
10	2	90	1,800

The annual cost for NRC licensing and inspection staff to review the records and reports required by 10 CFR Part 74 is estimated to be 3,160 hrs (i.e., 1,360 + 1,800) @ \$238/hr or \$752,080.

This cost is fully recovered through the assessments to NRC licensees pursuant to 10 CFR Parts 170 and/or 171.

15. Reasons for Changes in Burden or Cost

The overall hourly burden has decreased by 475 hours, from 9,064 hours to 8,589 hours due to a reduction in the number of licensees who are reporting under the requirements of 74.31(b) and 74.51(c). The number of licensees reporting under Section 74.31 has decreased from 7 to 6 because one licensee went into decommissioning activities, and is no longer subject to the requirements of 74.31(b). The NRC re-estimated the previous submission and corrected the current number of licensees who report under Section 74.51 and to reflect the current number of facilities, from 4 to 2.

There is no change in the reporting and recordkeeping regulatory requirements.

There has also been an increase in the cost burden because the hourly fee rate has increased from \$157 to \$238/hr.

16. Publication for Statistical Use

None.

17. Reason for Not Displaying the Expiration Date

For requirements contained in 10 CFR 74, amending the Code of Federal Regulations to display information that, in an annual publication, could become out of date would confuse the public. Additionally, for the information collections contained in the guidance documents NUREG-1065, NUREG/CR-5734, and NUREG-1280, revising the guidance documents merely to update the expiration date unnecessarily expends scarce agency resources.

18. Exemptions to the Certification Statement

There are no exemptions.

B. Collection of Information Employing Statistical Methods.

Statistical methods are not used in this collection of information.